MR. CHAIRMAN: Don't go so long.

PROF. CHANDRESH P. THAKUR: Then I can withdraw.

MR. CHAIRMAN: Okay.

Estimated demand of steel by the year 2000

*204. SHRI KAMAL MORARKA: Will the Minister of STEEL AND MINES be pleased to state:

(a) what is the estimated demand of steel by the year 2000;

(b) what is the capacity of the integrated steel plants and the secondary steel sector at present;

(c) what is the optimum economic capacity of the integrated steel plants;

(d) whether after expansion of the integrated steel plants and expansion of the existing large plants in the secondary sector, Government expect a gap between demand and supply as projected for the year 2000; and

(e) whether in view of the above, Government feel the need to allow new steel plats to come up rather than expanding the existing ones?

THE MINISTER OF STEEL AND MINES WITH ADDITIONAL CHARGE OF THE MINISTRY OF LAW AND JUSTICE (SHRI DINESH GOSWAMI): (a) to (e) A Statement is laid on the Table of the House.

Statement

(a) The VIII Plan Working Group on Iron & Steel has estimated the total demand for finished steel for the year 1990-2000 as 31 million tonnes.

(b) The current achievable capacity of the integrated steel plants is as under:

(Crude Steel in million tonnes)

Plant	Achievable capacity
Bhilai	4.00
Durgapur	1.15
Rourkela	1.40
Bokaro	4.00
IISCO	0.37
TISCO	2.40

The Vizag Steel Plant (capacity of 3 MT per annum) will come on stream in 1992.

The total electric steel making capacity in the secondary steel sector for which industrial licences have been issued is 6.36 MTs.

(c) The optimum economic capacity of integrated steel plants will vary depending upon a varity of factors such as location, product-mix, infrastructure cost etc. It is unlikely that a conventional integrated steel plant will be viable financially if it is of a capacity of less than 1.50 to 2.00 million tonnes per annum in our country.

(d) Yes, Sir.

(e) Both expansion and new steel projects are necessary.

SHRI KAMAL MORARKA: Sir, the Minister has laid a statement on the Table of the House. The basic thrust of the question is the gap between demand and supply of steel. The Minister himself has said an integrated steel plant at 2 million tonnes capacity would become viable. Sir, my first question is, has the Government chalked out a plan to expand the public sector steel plants to-

their optimum capacity and thereafter, is there a gap between demand and supply because I fear, in this anxiety to license more and more units, the public sector steel plants will become sick in the years to come?

SHRI DINESH GOSWAMI: Sir, the hon. Member has asked me about demand and supply position. Today, we have got an achievable capacity of about 20 million tonnes and according to our projection, at the end of the Eighth Five Year Plan, if we are to achieve self-sufficiency with marginal exports, we must have an achievable capacity of 28 million tonnes. But according to my own estimates, the realistic figure will be 31 million tonnes because however hard we may try, I feel that our capacity utilisation will not go beyond 85 per cent. At the end of the terminating year of the Ninth Five Year Plan, our achievable capacity at the lowest would be 37 million tonnes but realsitic figure should be 41 million tonnes. Therefore, it is a very ambitious programme of increasing our capacity from 20 million tonnes to 31 million tonnes at the end of the Eighth Five Year Plan to about double this achievale capacity in the Ninth Five Year Plan. Therefore, we have taken a three-pronged strategy. Number one, modernisation of the existing three plants which are on the cards. Then I am asking the Planning Commission and the Government to give us fund allocation for two steel plants. Even if we, within the the financial constraints, have to go in for the modernisation programmes and even if we are lucky to get the financial allocation for the two steel plants, still we will be considerably short of the target. The gap between the demand and the supply, with a marginal export of four million tonnes will be still more than two million tonnes. And therefore, we have also encouraged the private sector to come in. But I would like to assure the hon. friend that the commanding height of the public sector, at no point of time, is going to be diluted. According to our own estimation, today 64 per cent of the production comes from our public sector steel plants. At the end of the Eighth Five-Year Plan we do expect that 64 per cent steel production will still be achieved from the public sector plants. But at the end of the Ninth Five Year Plan, probably, the contribution of the private sector should be marginally more. If we have sufficient funds to give to the public sector, I would like to do it. But we are committed to the modernisation of the three integrated steel plants at Rourkela, Durgapur and IISCO. Bokaro is also under consideration. Therefore, we have committed ourselves to the maximum possible extent. We are also trying to get finance for two steel plants. And therefore, we have no alterntive. I do admit that in matters of capacity utilisation, we have got still scope for improvement. But we are facing difficulties from various factors. For example, today, there is the power problem in the eastern region and also this has led to the problem of coal. But within the external constraints that we have, we are constantly reviewing our position so that we can improve our capacity utilisation.

SHRI KAMAL MORARKA: Sir, the Minister has given a long statement and figures which I have noted. But the thrust of my question still remains unanswered. And these public sector steel plants at Durgapur and Burnpur, according to his own statement, are working far below their capacity.

MR. CHAIRMAN: He has agreed.

SHRI KAMAL MORARKA: My submission is, of these steel plants are taken to their logical optimum capacity, the gap will disappear. And in your projection for demand, you have taken in the

four million tonne export also. Would it not be a more intelligent thing to allow the private sector to put up units? We can't have a demand projection in which we count export. We are not able to export steel today at the cost that we produce it. But we are saying that by the year 2000, we will become self sufficient and we will be exporters of steel. I think you can leave it to the private sector to put up those efficient, cost-effective, steel making units for export. But let us expand our public sector to meet the indigenous demand. I am worried that the public sector will become sick. I request the Minister. Before you finalise and give licences to the private sector, please ensure that the public sector steel plants remain healthy. There is one more thing. The Minister has very kindly said that the commanding heights of the public sector will not be diluted. We have been hearing of this. But in the last ten years, the commanding heights have already disappeared. Let us try to again get back the commanding heights.

SHRI DINESH GOSWAMI: We have considered this aspect very seriously. It is true that if we can expand or modernise even the existing steel plants to their possible capacities, the position would improve. But the difficulty is that there are constraints. Difficulties are there because of the power situation, because of the coal situation, etc. We can modernise up to a point and I feel it will not be proper to invest money beyond that point. Therefore, we have the rational decision, the decision to modernise to the possible extent within the financial resources that the SAIL can generate from its own funds for these modernisation programmes. It can also add further production of over two million tonnes.

SHRI JAGESH DESAI: Mr. Chairman, Sir, what I have seen for the last two or three years as regards the steel plants in the public sector is that they are doing far better than what they were doing before. And now, the annual excess production is by ten per cent. What I have seen from this statement about the public steel sector is that the actual capacity is about 20 million tonnes. If they are modernised and if this rate of increase of production goes up, then by the end of 2000, they themselves can manufacture 31 million tonnes. As the Minister said, after the Ninth Five-year Plan, the share of the private sector will be more than what it is. That means that you are diluting the public sector and you are encouraging the private sector. I would like to know from the hon. Minister whether you will again review this policy because by doing that you are going to...

SHRI KAMAL MORARKA: Sir, I want a half-an-hour discussion on this.

MR. CHAIRMAN: You write to me for this.

Question Hour is over.